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California Medical
Assistance Commission
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Overview

Medicare Prescription Drug Coverage

- Coverage begins January 1, 2006
- Available for all people with Medicare
- Provided through
 - Prescription drug plans (PDPs)
 - Medicare Advantage Plans (MA-PDs)
 - Some employers and unions to retirees

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Overview

Medicare Prescription Drug Plans

- Must offer basic drug benefit
 - Standard benefit
- May offer supplemental benefits
 - Enhanced benefit
- Can be flexible in benefit design
- Must follow marketing guidelines

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Overview

Example of Standard Prescription Drug Coverage

- Generally less than \$37 monthly premium
- \$250 deductible
- Coinsurance of 25% of drug costs from \$250 to \$2,250
 - Medicare pays 75%
- 100% of drug costs from \$2,250 to \$5,100
- After \$3,600 in out-of-pocket costs, Medicare pays approximately 95%

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Key Messages

Key Messages

- Drug coverage that helps you pay for the prescriptions you need
- Medicare prescription drug coverage is available to all people with Medicare
- There is additional help for those who need it most
- The Medicare prescription drug coverage pays for brand name and generic drugs
- You can choose between at least two Medicare prescription drug plans and pick a plan that is right for you

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Eligibility and Enrollment

Eligibility and Enrollment

- Entitled to Part A and/or enrolled in Part B
- Reside in plan's service area
- Must enroll in a Medicare prescription drug plan to get Medicare prescription drug coverage
- Directly with the plan sponsor

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Eligibility and Enrollment

Enrollment Periods

- In general, the enrollment periods for PDPs and MA-PDs are similar
- There are three enrollment periods for PDPs
 - Initial Enrollment Period (IEP)
 - Annual Coordinated Election Period (AEP)
 - Special Enrollment Period (SEP)
- MA-PD's have additional period
 - Open Enrollment Period

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Eligibility and Enrollment

Postponing Enrollment

- Higher premiums for people who wait to enroll
 - Exception for those with prescription drug coverage at least as good as a Medicare prescription drug plan
- Assessed 1% of base premium for every month
 - Eligible to enroll in a Medicare prescription drug plan but not enrolled
 - No drug coverage as good as a Medicare prescription drug coverage for 63 consecutive days or longer

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Eligibility and Enrollment

Enrolling in a Plan

- Look at *Medicare & You 2006* handbook
- Read about the prescription drug plans available in the area
- Contact the plan to enroll
- If someone needs help choosing a plan
 - Visit www.medicare.gov and get personalized information
 - Call 1-800-MEDICARE
 - TTY users should call 1-877-486-2048
 - Call the local SHIP

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Eligibility and Enrollment

Auto-Enrollment

- Medicaid prescription drug coverage for full-benefit dual eligibles ends 12/31/005
- Full-benefit dual eligibles who **do not** enroll in a plan by 12/31/05
 - CMS will enroll them in a prescription drug plan with a premium covered by the low-income premium assistance
 - Their Medicare prescription drug coverage will begin 1/1/06
- Full-benefit dual eligibles have a SEP
 - Can change plans any time

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Eligibility and Enrollment

Facilitated Enrollment

- CMS is facilitating the enrollment
 - Of additional people with Medicare if they do not choose a plan by May 15, 2006
 - These include people with MSP, SSI-only, and those who apply and are determined eligible for the extra help
 - Coverage effective June 1, 2006

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Extra Help

Extra Help

- Assistance with premium and cost sharing
- Eligibility determined by SSA or state
- Income and resources are counted
- Some groups are "deemed" eligible
- Multiple ways to apply
- Can apply as early as May 2005

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Out-of-Pocket Threshold

Out-of-Pocket Threshold

- The amount of money to reach catastrophic coverage
- Consists of
 - Deductible - \$250 in 2006
 - 25% coinsurance - \$500 in 2006
 - 100% between \$2,250 and \$5,100 - \$2,850 in 2006
- Medicare prescription drug plan premium is not part of out-of-pocket threshold

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Out-of-Pocket Threshold

How Out-of-Pocket Threshold Works

- PDPs and MA-PDs will calculate out-of-pocket threshold
- PDP will ask person with Medicare what third party coverage he/she has
- Total out-of-pocket threshold for 2006 is \$3,600
- Wrap-around drug coverage doesn't count but is beneficial

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Covered Drugs

Medicare Prescription Drug Coverage

- Available only by prescription
- Prescription drugs, biologicals, insulin
- Medical supplies associated with injection of insulin
- A PDP or MA-PD may not cover all drugs
- Brand name and generic drugs will be in each formulary

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Coordination with Insurers

State Pharmacy Assistance Program

- Provide wrap-around coverage
- Provide same or better coverage and save money
- Reduce state costs or expand population served
- Costs incurred by SPAP are counted toward out-of-pocket threshold
- 21 SPAPs received funding to educate their enrollees

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For More Information

- Visit www.medicare.gov
- Visit www.cms.hhs.gov
- Publications such as:
 - *Medicare & You* handbook
 - *Facts About Medicare Prescription Drug Plans*
- 1-800-MEDICARE
- PUT in STATE 1-800 SHIP Number

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Thank you!
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IMPLEMENTING THE MEDICARE MODERNIZATION ACT: CALIFORNIA

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DUAL ELIGIBLE BENEFICIARIES

- **Nationwide**
 - 6.8 million qualify for both Medicare and Medicaid (aka "Dual Eligibles")
- **1 million reside in California**
 - 937,000 in Medi-Cal fee-for-service
 - 137,000 in Medi-Cal managed care



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IMPLEMENTATION ISSUES

- COORDINATION
- FISCAL
- CHANGING DRUG COVERAGE
(for dual eligibles)
- DATA SYSTEMS
- OUTREACH



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COORDINATION

- **Established an "MMA Implementation Team" to coordinate State efforts, comprised of:**
 - Department of Health Services
 - Department of Developmental Services
 - Department of Mental Health
 - Department of Aging
 - Office of AIDS
 - Department of Rehabilitation



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MMA Implementation Team

- **Charges:**
 - Assess MMA's impact on the various Departments within the California Health and Human Services Agency
 - Facilitate the development and implementation of strategies for dealing with those impacts.
 - Stay sane in the process.



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MMA IMPLEMENTATION TEAM

- **Team Leader: DHS staff member**
 - Serves as “pivot” for MMA related information
- **Includes representatives from all departments**
- **Meets regularly with CMS Region IX staff via conference call**
 - State issues log currently contains over 170 items



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MMA IMPLEMENTATION TEAM

- **Has multiple subcommittees:**
 - Fiscal
 - Drug Benefit/Formulary issues
 - IT/Data Issues
 - Outreach
 - Legislative/Policy



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IMPLEMENTATION ISSUES

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FISCAL ISSUES

- Increased (net) annual cost, rather than
10% savings promised by Congress
 - \$55 million or more
 - beginning FY 06-07
- Other new costs (outreach, data
system changes)



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FISCAL: ACTIONS

- **Asked CMS to exercise its authority to use “other reasonable means” to calculate California’s phased down state contribution (clawback)**
 - accrual vs. cash basis



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GOVERNOR’S BUDGET

- **Budget includes phased- down state contribution (clawback)**
- **No funds available for any assistance in**
 - Part D Covered drugs
 - Co-pay assistance
 - Premium assistance for higher cost plans



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IMPLEMENTATION ISSUES

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SSS-13



CHANGING DRUG COVERAGE

- Part D “excluded” drugs
- Short time frame for transition to new plans
- Plans not required to share data with states
- Impact on special populations



SSS-14





PART D EXCLUDED DRUGS

- California will continue to provide coverage for the following drugs that are currently covered by Medi-Cal, but that are excluded from Part D:
 - Anorexia, weight loss, or weight gain
 - Symptomatic relief of cough and colds
 - Nonprescription drugs
 - Barbiturates
 - Benzodiazepines



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TRANSITION TO NEW PLANS

- Duals will only be enrolled in plans with premiums at or below the CMS benchmark
 - (PDP) Drug coverage is likely to be more restrictive than current Medi-Cal coverage
- Plans' formularies won't be available until 90 days prior to implementation



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CHANGING DRUG COVERAGE

- **PDPs must provide appropriate “transition plans” for enrollees**
 - CMS intends to enforce via contracts with PDPs
 - specific details of these “transition plans” are not yet available



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CHANGING DRUG COVERAGE

- **California willing to provide paid drug claims data to PDPs to assist them with transition planning for dual eligibles.**
 - In return, plan to ask for dual eligible paid claims data for disease management purposes



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SPECIAL POPULATIONS

- **Currently assessing potential impact on special populations:**
 - Developmental Centers:
 - Operate own pharmacies, now will have to contract with PDPs (as long term care pharmacies) so may continue to serve dual eligibles
 - AIDS Drug Assistance Program (ADAP)
 - Genetically Handicapped Persons (GHPP)
 - Children's Medical Services program



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IMPLEMENTATION ISSUES

- **COORDINATION**
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- **CHANGING DRUG COVERAGE**
(for dual eligibles)
- **DATA SYSTEMS**
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DATA SYSTEMS: ACTIONS

- **MMIS modifications needed to properly identify dual eligibles**
 - Requested CMS funding via an APD (Advanced Planning Document) – 90/10 funding
- **Three test files already submitted (>1 million records each)**
- **Have not yet received first “response file” from CMS (submitted in March)**



SS09-21



IMPLEMENTATION ISSUES

- **COORDINATION**
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- **OUTREACH**



SS09-22





OUTREACH

- **Working with providers and advocacy groups to coordinate implementation and outreach**
 - Bi-weekly conference call with selected advocates
 - Advocates invited to participate on Outreach Subcommittee of MMA Implementation Team



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OUTREACH

- **How best to reach dual eligibles?**
 - Complexity of benefit
 - Diversity of dual eligible population
 - Short transition time frame
 - How to avoid "information overload"
 - CMS, SSA, advocacy groups, media



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OUTREACH

- **Diversity of dual eligible population**
 - 13 threshold languages
 - Settings/special needs
 - Persons with disabilities (40,000)
 - Pictures? Audio? Case Managers?
 - Mental Health
 - Managed care (140,000)
 - Coordinate communication with health plans?



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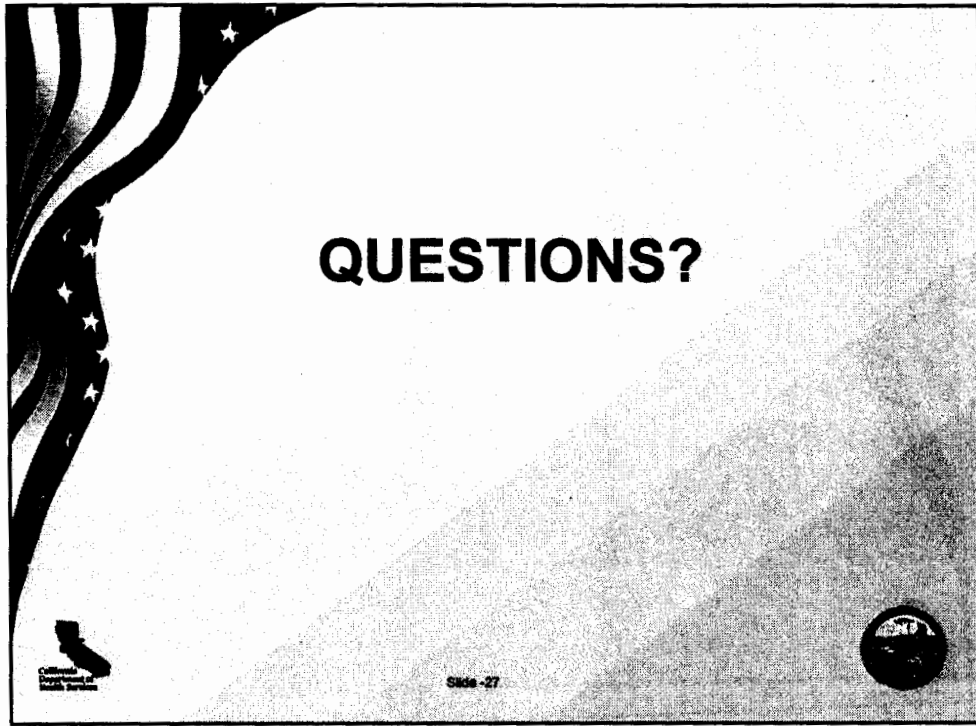
FUTURE

- **Work in progress**
- **Cooperation, communication and collaboration is key**



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Medicare Part D Prescription Drug Benefits

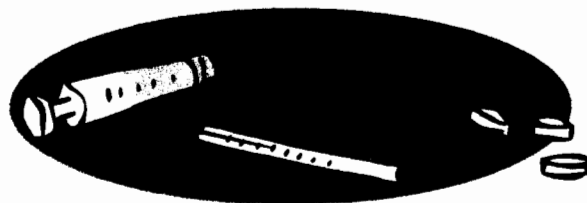
(Effects on the managed care dual eligible population)

Beneficiaries

- Understanding the new system for drug coverage.
- Required not optional.
- Another plan to deal with in most cases.
- Auto assignment of dual in November 2005.
- Possible changes in the pharmacies they are accustomed to utilizing.
- Drugs they are current taking and does their Prescription Drug Plan (PDP) cover them.
- Drug Co-payments (\$1-\$5).
- System glitches during startup.

Health Plans

- Capitation rate adjustments
- Member Services training
- Coordination of drug benefits with multiple PDPs.
- Provider training (Primary Care Providers and Pharmacists)



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